

Message Text

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DRAFTED BY R.G. PELIKAN

APPROVED BY EB/IFD/ODF:RSGELBARD

EB/IFD/ODF:RASWART

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

INFO USMISSION EC BRUSSELS

UNCLAS STATE 108008

E.O. 11652:N/A

TAGS: EFIN, EEC, ETRD

SUBJECT: GENTLEMEN'S AGREEMENT: "MIXED CREDITS"

PLEASE DELIVER THE FOLLOWING TO JACQUES DE LAROSIERE,
DIRECTOR OF TREASURY, INTERNATIONAL AFFAIRS, ON MAY 9, 1975.

"DEAR MR. DE LAROSIERE:

1. A MAJOR OBSTACLE TO FINALIZING A GENTLEMEN'S AGREEMENT
ON EXPORT CREDITS IS AGREEING UPON A STANDARD
DEFINITION FOR DETERMINING WHICH OF THOSE CREDITS WHICH
COMBINE AID AND OFFICIAL CREDIT FUNDS (MIXED CREDITS) ARE TO
BE EXEMPT FROM THE GENTLEMEN'S AGREEMENT.

2. THUS FAR, MOST COUNTRIES HAVE BEEN ABLE TO AGREE THAT
CREDITS WHICH CONTAIN A MINIMUM GRANT ELEMENT OF 25
PERCENT, AS DEFINED BY THE DAC, ARE TO BE EXEMPT.

3. TECHNICAL LEVEL MEETINGS HAVE BEEN UNSUCCESSFUL IN
BRINGING OUR POSITIONS CLOSER AS THIS IS AN ISSUE WHICH
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APPARENTLY REQUIRES HIGHER-LEVEL CONSIDERATION. IT IS MY
FEELING THAT WITHOUT THE 25 PERCENT STANDARD MUCH OF
THE EFFECTIVENESS OF THE AGREEMENT IS LOST. FOR INSTANCE,
IF A 15 PERCENT STANDARD WERE ADOPTED, A 10-YEAR MIXED CREDIT

WITH AN EFFECTIVE INTEREST RATE OF 6 PERCENT WOULD BE LOW
ENOUGH TO BE EXEMPT FROM THE TERMS OF THE GENTLEMEN'S AGREEMENT.
THIS CLEARLY DEFEATS OUR EFFORTS IN ATTEMPTING TO REDUCE
THE LEVEL OF OFFICIAL SUPPORT FOR EXPORT FINANCING.

4. I HOPE THAT YOU WILL BE ABLE TO FOCUS ON THIS
MATTER PRIOR TO THE MEETING IN BRUSSELS.

SIGNED: UNDER SECRETARY OF TREAS.
JACK F. BENNETT
KISSINGER

UNCLASSIFIED

<< END OF DOCUMENT >>

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